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RECORDATION NO. \_\_\_\_\_ Filed 142 Date JUN 12 1979

Interstate Commerce Commission  
Washington, D.C.

JUN 12 1979 - 11 22 AM Fee \$ 50.00

Gentlemen:

INTERSTATE COMMERCE COMMISSION DC Washington, D. C.

Enclosed for recordation under the provisions of 49 USC Section 11303 of the Interstate Commerce Act, are the original and four counterparts of a Security Agreement dated as of April 15, 1979.

The general description of the railroad equipment covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: The Worcester Plan, Inc.  
2655 Campus Drive  
Suite 200  
San Mateo, California 94403

Secured Party: State Mutual Life Assurance  
Company of America  
440 Lincoln Street  
Worcester, Massachusetts 01605

The undersigned is the Debtor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and three counterparts of the Security Agreement to Gary Green, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Very truly yours,  
THE WORCESTER PLAN, INC.

By CP Browne  
VICE PRESIDENT  
DEBTOR AS AFORESAID

Enclosures

RECEIVED  
JUN 12 10 58 AM '79  
FEE OPERATION BUREAU  
I.C.C.

*Handwritten signatures and notes on the left margin, including "C. T. Karpner" and a large signature.*

DESCRIPTION OF EQUIPMENT

DESCRIPTION: 75 70-Ton Box Cars  
MANUFACTURER: FMC Corporation  
IDENTIFICATION MARKS AND  
NUMBERS (BOTH INCLUSIVE: AMC 1001 Through AMC 1075, both  
inclusive

SCHEDULE A

10495

RECORDATION NO. .... Filed 1425

JUN 12 1979 - 11 22 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of April 15, 1979

FROM

THE WORCESTER PLAN, INC.

Debtor

To

STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA

Secured Party

Relating to

\$2,227,500 9-5/8% Secured Notes  
Due 1979-1996

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SCHEDULE A - Description of Equipment  
 EXHIBIT 1 - Form of 9-5/8% Secured Notes  
 EXHIBIT 2 - Form of Lease

THIS SECURITY AGREEMENT ("Security Agreement") dated as of April 15, 1979 is from THE WORCESTER PLAN, INC., a Massachusetts corporation, having a Post Office address at 2655 Campus Drive, Suite 200, San Mateo, California 94403 (the "Debtor"), to STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA, having a Post Office address at 440 Lincoln Street, Worcester, Massachusetts 01605, Attention: Securities (the "Secured Party").

RECITALS:

A. The defined terms used in this Security Agreement shall have the respective meanings indicated in Section 6.01 unless elsewhere defined or the context shall otherwise require.

B. The Debtor and the Secured Party have entered into a Loan Agreement dated as of April 15, 1979 (the "Loan Agreement") providing for the commitment of the Secured Party to make a loan to the Debtor on or before June 30, 1979, designated by the Debtor by not less than five business days' prior written notice (the "Closing Date") not exceeding \$2,227,500 in aggregate principal amount to be evidenced by the 9-5/8% Secured Notes (the "Notes") of the Debtor described in Section 1 hereof.

C. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

NOW, THEREFORE, the Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement and in the Loan Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party, its successors in trust and assigns, a security interest in all and singular of the Debtor's right, title and interest in, all and singular, the following described properties, rights, interests and privileges (hereinafter collectively referred to as the "Collateral"):

#### DIVISION I

The Items of Equipment described in Schedule A attached hereto and made a part hereof, together with all accessories, equipment, parts and appurtenances whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Items of Equipment, together with all the rents, issues, income, profits and avails therefrom.

#### DIVISION II

All right, title, interest, claims and demands of the Debtor, as lessor or otherwise, in, under and to each and every Lease from time to time in effect and all Rentals due and to become due thereunder, including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said Rentals due and to become due under each and every Lease from time to time in effect shall be effective and operative immediately and shall continue in full force and effect and the Secured Party shall have the right to collect and receive said Rentals for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness Hereby Secured has been fully paid and discharged.

#### DIVISION III

Collateral also includes the Guaranty Agreement from the Guarantor, including without limitation, any and all sums due and to become due thereunder insofar as the same relates to the Collateral described in Division II hereof.

#### DIVISION IV

All property of any kind that may hereafter be conveyed by the Debtor, or by anyone on its behalf and with its consent, to the Secured Party hereunder, the Secured Party being hereby authorized to receive any property so conveyed and to hold it as additional security hereunder, subject to all provisions hereof not inconsistent with the terms of such conveyance.

The Secured Party, its successors and assigns shall have and hold the Collateral forever; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and

proportionate benefit, security and protection of all present and future holders of the Notes outstanding under the Loan Agreement from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise or any cause whatsoever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreements and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

## SECTION 1. THE NOTES: REGISTRATION: TRANSFERS, ETC.

### 1.01. The Notes.

The Notes shall be limited to \$2,227,500 in aggregate principal amount, shall be dated the date of issue, shall bear interest at the rate of 9-5/8% per annum prior to maturity (computed on the basis of a 360-day year of twelve 30-day months), shall be expressed to mature in one installment of interest only payable on the first 25th day of any month which follows the date of issue (unless such date of issue is on the 25th of a month, in which case no interest only installment shall be included) and 209 equal consecutive installments of principal and interest payable on the 25th day of each month thereafter with a final installment payable on the 25th day of the next following month, if not sooner paid, in an amount equal to the entire balance of principal and interest remaining unpaid as of said date (each such payment date being hereinafter referred to as a "Payment Date"), and shall be otherwise substantially in the form attached hereto as Exhibit 1.

### 1.02. Application of Payments.

All monthly installment payments required to be made on the Notes shall be first applied to the payment of interest on the principal amount from time to time outstanding on the Notes and the remainder to the reduction of the principal balance thereof. Any prepayment of principal on the Notes shall be applied to the reduction of principal then remaining unpaid, but any such additional payment shall not relieve or discharge

the Debtor from liability for making the payment on the next succeeding Payment Date or Payment Dates thereafter as herein provided, nor reduce the amount of such installment except as hereinafter provided in Section 4.02(b) or 4.02(c)(2) hereof.

1.03. Registration, Transfer and Exchange of Notes.

(a) The Debtor will maintain at its principal office a register for the registration and registration of the transfer of the Notes (the "Register") and, upon presentation at such office for such purpose, the Debtor will, under such reasonable regulations as it may prescribe, cause to be registered or transferred thereon Notes as herein provided.

(b) Whenever any Note shall be surrendered for transfer at the principal office of the Debtor, together with a written instrument of transfer, duly executed by the registered owner, or by his attorney authorized in writing, the Debtor shall execute and deliver in exchange therefor, a new Note or Notes of the same maturity for the same aggregate unpaid principal amount. All Notes so surrendered shall be promptly cancelled by the Debtor.

(c) The holder of any Note outstanding hereunder may surrender the same to be exchanged for Notes of different denominations. Upon cancellation of the surrendered Note, the Debtor shall execute, register, and deliver in exchange therefor a like aggregate original principal amount of Notes of the same maturity date in the denomination of Fifty Thousand Dollars (\$50,000) each or any multiple thereof except that any principal amount of such surrendered Note in excess of a multiple of Fifty Thousand Dollars (\$50,000) shall be evidenced by a Note in principal amount equal to such excess, provided, however, any Notes so delivered in exchange may be in any denominations approved by the Debtor.

1.04. Payment of the Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal office of the Debtor, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Debtor for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 1.04, if any Note is registered in the name of the Secured Party or a nominee thereof, the Debtor shall make payment of interest on such Notes and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the register referred to in Section 1.03(a) hereof and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Debtor for transfer as provided in Section 1.03 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid.

(c) So long as any Note is registered in the name of the Secured Party or a nominee thereof, the Debtor will, upon written notice from the Secured Party or its nominee given not less than 20 days prior to the payment or prepayment of the Notes, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes registered in the name of such Secured Party or its nominee to be made to such place of payment as shall be specified in such notice on each such date such payment or prepayment is due; provided, however, that the Debtor will (unless and until the Debtor has received other instructions from the Secured Party by notice given in accordance with this Section) without the notice required by this paragraph (c) make all such payments or prepayments of the principal of, and interest and premium, if any, on the Notes registered in the name of the Secured Party or a nominee thereof by wire transfer in the manner aforesaid to the bank account designated for the Secured Party on page 1 of the Loan Agreement, marked for attention as indicated.

#### 1.05. Persons Deemed Owners.

Except in the case of errors or omissions by the Debtor in maintaining the Register, the Debtor may treat the Person in whose name any Note shall be registered upon the Register as the absolute owner of such Note for the purpose of receiving payment of or on account of the principal of and interest on such Note and for all other purposes, whether or not such Note shall be overdue; and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Note to the

extent of the sum or sums so paid.

1.06. Charges or Exchanges.

Any exchange or transfer of Notes shall be made at the Debtor's own expense.

1.07. Execution and Delivery of Notes.

The Notes shall be executed on behalf of the Debtor by its President or a Vice President, under its corporate seal attested by its Secretary or an Assistant Secretary, or by such other form of execution as may be prescribed by a resolution of its Board of Directors.

1.08. Mutilated, Lost, Stolen and Destroyed Notes.

(a) A mutilated Note may be surrendered to the Debtor and thereupon the Debtor shall execute, register and deliver in exchange therefor a new Note of like tenor and principal amount. The Debtor shall cancel the mutilated Note.

(b) If there be delivered to the Debtor such security or indemnity as may be reasonably required to save it harmless, then in the absence of notice to the Debtor that such Note has been acquired by a bona fide purchaser, the Debtor shall execute, register and deliver in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount. If the holder of any such lost, stolen or destroyed Note is an institutional investor, then such holder's own agreement of indemnity shall be deemed to be satisfactory.

(c) If any such mutilated, lost, stolen or destroyed Note shall have matured or will mature not more than 10 days thereafter, instead of issuing a substitute Note, the Debtor may pay the same. Any new Note issued under this Section in lieu of any Note alleged to have been lost, stolen or destroyed shall constitute an additional original contractual obligation of the Debtor whether or not the Note alleged to have been lost, stolen or destroyed shall be at any time enforceable by anyone; and such new Note shall be entitled to the lien, security and benefits of this Security Agreement equally and ratably with all other Notes hereby secured. The Debtor, in its reasonable discretion, may place upon any such new Note a legend, but such legend shall in nowise affect the validity of such Note. The Debtor may at its option require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge

in connection with the issuance of any such new Note.

(d) Any Note in lieu of which another Note has been delivered as permitted in Section 1.08(b) shall not be treated as an indebtedness for any purpose hereunder and the Debtor shall not be required to pay or provide for payment of same unless prior to satisfaction and discharge of this Security Agreement, such Note has been presented to the Debtor with a claim of ownership and enforceability by the person possessing such Note and the enforceability of such Note, if contested by the Debtor, has been determined in favor of such person by a court of competent jurisdiction.

#### 1.09. Cancellation.

All Notes when fully paid as to principal and interest shall be surrendered to the Debtor and promptly cancelled.

### SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

#### 2.01. Debtor's Duties.

The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreement were fully set out in an amendment or supplement to this Security Agreement.

#### 2.02. Warranty of Title.

The Debtor owns and is possessed of the Collateral free of all Liens other than Permitted Encumbrances and has full power and lawful authority to grant a security interest in, assign, transfer, deliver and pledge the Collateral. As long as any Notes are outstanding hereunder, the Debtor will not voluntarily subject the Collateral to any Lien other than Permitted Encumbrances. The Debtor hereby does and will forever warrant and defend the title to the Collateral against the claims and demands of all persons whomsoever.

### 2.03. Further Assurances.

The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the Rentals under the Lease, the Debtor covenants and agrees that it will notify the Lessee of this Security Agreement as provided in Section 18.2 of the Lease and will direct the Lessee to make all payments of Rentals under the Lease directly to the Secured Party or as the Secured Party may direct.

### 2.04. After-Acquired Property.

Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Secured Party, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.04 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.03 hereof.

### 2.05. Recordation and Filing.

The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder, and will at its own expense furnish to the Secured Party, promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement, an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

**2.06. Modifications of the Lease.**

The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any Lien upon the leasehold estate created by the Lease or any part thereof (other than Permitted Encumbrances); or

(b) request the receipt or collection of any payment of Rental under the Lease prior to the date the same shall be due and payable pursuant to the provisions of the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any payment of Rental then due or to accrue in the future under the Lease in respect of the Equipment and in the event the Debtor shall receive any such sum, it shall promptly either remit the same to the Secured Party or arrange for the return thereof and for the payment thereof on the appropriate date; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

**2.07. Power of Attorney in Respect of the Lease.**

The Debtor does hereby irrevocably constitute and appoint the Secured Party, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Rental and other sums which are assigned under the granting clauses hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such Rental and other sums and the security intended to be afforded hereby.

**2.08. Payment of Indebtedness.**

The Debtor will promptly pay the Indebtedness Hereby Secured as and when the same or any part thereof becomes due (whether by lapse of time, declaration, demand or otherwise).

**2.09. Maintenance of Corporate Existence.**

The Debtor will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder, except as otherwise provided in Section 2.10.

**2.10. Restrictions on Mergers, Consolidations and Sales of Assets.**

The Debtor will not sell, lease, transfer or otherwise dispose of all or a substantial portion of its corporate property or assets to any person, firm or corporation or consolidate with or merge into any other corporation or permit another corporation to merge into it unless (i) the successor formed by or resulting from such consolidation or merger or to which such sale, lease or other disposition shall have been made shall be a solvent corporation organized under the laws of the United States of America or a State thereof or the District of Columbia; (ii) such successor corporation (if other than the Debtor) shall assume all of the Debtor's obligations under this Security Agreement, the Notes, the Loan Agreement and the Lease; and (iii) immediately after such merger, sale, lease or other disposition, such successor corporation shall not be in default in the performance or observance of any of the covenants, agreements or conditions contained in the Loan Agreement, this Security Agreement or the Lease.

**2.11. Restrictions on Business Activities.**

The Debtor will not engage in any business other than the purchase, sale, ownership, rental, storage, chartering and leasing of personal property and the performance of services and activities incidental thereto and the performance of consulting or advisory services in connection therewith.

**2.12. Restrictions on Indebtedness.**

The Company will not issue, incur, assume or have outstanding any indebtedness for borrowed money (including as

such all indebtedness representing the deferred purchase price of property and any remaining balance of indebtedness secured by liens on property so acquired at the time of acquisition) nor be or become liable as endorser, guarantor or surety for any debt or obligation of any other person, firm or corporation unless the same shall be payable to the Secured Party or shall be junior and subordinate to the indebtedness evidenced by the Notes (but not to any other indebtedness of the Debtor) by express provisions satisfactory to the Secured Party; provided that the Debtor may endorse for collection or deposit any commercial paper received by the Debtor in the ordinary course of business.

### SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

#### 3.01. Possession of Collateral.

If and so long as no Default or Event of Default has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of an Item of Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.01.

#### 3.02. Release of Equipment -- Payment of Casualty Value by Lessee.

So long as no Event of Default under the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment when designated by the Lessee for a cash settlement of Casualty Value under the Lease upon receipt of: (i) written notice from the Lessee pursuant to the Lease of the basis for such Casualty Value payment, and (ii) payment by the Lessee of the Casualty Value for the Equipment in compliance with the Lease.

### 3.03. Protection of Purchaser.

No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Secured Party to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

## SECTION 4. APPLICATION OF CERTAIN MONEYS RECEIVED BY THE SECURED PARTY: PREPAYMENTS.

### 4.01. Prepayments.

Except to the extent provided for in this Section 4 and in Section 6.02 of the Loan Agreement, the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity dates thereof.

### 4.02. Application of Moneys.

As more fully set forth in the granting clauses hereof, the Debtor has hereby granted to the Secured Party a security interest in Rentals due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Default or Event of Default has occurred and is continuing to the knowledge of the Secured Party:

(a) Rentals. The amounts from time to time received by the Secured Party which constitute payment of the installments of Rental under the Lease (including any such payments made pursuant to the Guaranty Agreement) shall be applied first, to the payment of the installment or installments of principal and interest on the Notes which have matured or will mature on or before the due date of the installments of Rental which are received by the Secured Party and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor on such due date.

(b) Casualty Value. The amounts from time to time received by the Secured Party which constitute payment of the "Casualty Value" for any Item of Equipment under the Lease (including any such payments made pursuant to the Guaranty Agreement) shall be paid and applied on the Notes on the next succeeding Payment Date as follows:

(i) An amount equal to the aggregate Loan Value of the Item or Items of Equipment in respect of which such Casualty Value payments were received shall be applied to the prepayment of the principal remaining unpaid on the Notes and any excess amount shall be applied to the payment of accrued and unpaid interest, if any, on the portion of the principal amount of the Notes so prepaid; and

(ii) Each of the remaining installments of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment.

Any amounts in excess of the amounts applied to the payment of principal and interest on the Notes pursuant to clause (i) hereof shall be paid to or upon the order of the Debtor.

The "Loan Value" of an Item of Equipment as of any date shall be the amount which bears the same relationship to the unpaid principal amount of the Notes as of such date as the Original Loan Value of such Item of Equipment bears to the original aggregate principal amount of the Notes. The "Original Loan Value" of an Item of Equipment shall be the amount determined by dividing the original aggregate principal amount of the Notes by the total number of Items of Equipment described on Schedule A hereto.

(c) Insurance Proceeds. The amounts received by the Secured Party from time to time which constitute proceeds of insurance maintained pursuant to the Lease in respect of the Equipment shall be held by the Secured Party as a part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes:

(1) Repair or Replacement. If no Event of Default under the Lease or the Security Agreement and no event, which with the lapse of time, the giving of notice, or both, would constitute an Event of Default under the Lease or the Security Agreement, shall have occurred and be continuing to the knowledge of the Secured Party, the proceeds of such insurance shall, if the Items of Equipment which were lost, damaged or destroyed are to be repaired, restored or replaced, be released to the Debtor to reimburse the debtor for expenditures made for such repair, restoration or replacement of such Items of Equipment, or as the case may be, to reimburse the Lessee for expenditures made for such repair, restoration or replacement of such Items of Equipment upon receipt by the Secured Party of: (i) in the case of an Item of Equipment being replaced, copies of all of the items required pursuant to Section 10 of the Lease, and (ii) in the case of an Item of Equipment being repaired or restored, copies of items comprising reasonable proof that the damage thereto with respect to which such payments are then being made has been fully repaired.

(2) Application of Notes. If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (1) within six months from the receipt thereof by the Secured Party, then so long as no Default or Event of Default shall have occurred and be continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party on the first Payment Date occurring not less than six months after receipt thereof as follows:

(i) First, to the prepayment of the Notes without regard to any limitation as to the minimum amount of prepayment, all in the manner provided for by Section 4.02(b) hereof; and

(ii) Second, the balance, if any, of such insurance proceeds held by the Secured Party after making the application provided for by the preceding subparagraph (i) shall be released to or upon the order of the Debtor.

#### 4.03. Amortization Schedules.

Concurrently with the notice of any partial prepayment of any Note, the Debtor shall deliver to the Secured Party two copies of an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of such partial prepayment and the unpaid principal balance of such Note after each such installment payment.

#### 4.04. Default.

If an Event of Default has occurred and is continuing, all amounts received by the Secured Party pursuant to the granting clauses hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

### SECTION 5. EVENTS OF DEFAULT.

#### 5.01. Nature of Events.

An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise and such default shall continue for more than ten days; or

(b) An "Event of Default" as set forth in Section 15 of the Lease; or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement or the Loan Agreement, and such default shall continue unremedied for 30 calendar days after written notice thereof from the Secured Party or the holder of any Note to the Debtor; or

(d) Any representation or warranty made herein or in the Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement or the Loan Agreement, or the transactions contemplated therein shall prove to be false or misleading in any material respect; or

(e) Any Lien (other than a Permitted Encumbrance) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such Lien shall not be discharged or removed within 30 calendar days after written notice from the Secured Party or the holder of any Note to the Debtor and the Lessee demanding the discharge or removal thereof; or

(f) The Debtor becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies or consents to the appointment of a trustee or receiver for the Debtor or for the major part of its property; or

(g) A trustee or receiver is appointed for the Debtor or for the major part of its property and is not discharged within 60 days after such appointment; or

(h) Bankruptcy, reorganization, arrangement, insolvency, or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors, are instituted by or against the Debtor and, if instituted against the Debtor, are consented to or are not dismissed within 60 days after such institution.

#### 5.02. Secured Party's Rights.

When any Event of Default has occurred and is continuing the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Massachusetts (regardless of whether such Code or law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing

at law or in equity or by statute:

(a) The Secured Party may, by notice in writing to the Debtor, declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon (but without premium), shall be and become immediately due and payable.

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, in the event the Secured Party shall demand possession of the Equipment then, without limiting the provisions of paragraph (b) hereof, the Debtor shall forthwith deliver possession of the Equipment to the Secured Party in good order and repair, ordinary wear excepted. For the purpose of delivering possession of any Equipment to the Secured Party as above required, the Debtor shall, at its own cost and expense, forthwith:

(1) Assemble and place such Equipment upon storage tracks in the state of California (or such other place or places as the parties hereto shall agree in writing) as the Secured Party shall designate;

(2) Provide storage at the risk and expense of the Debtor for such Equipment on such tracks until the Equipment is sold, leased or otherwise disposed of; and

(3) Deliver any Item of Equipment to any connecting carrier on tracks at any place within California for shipment, all as the Secured Party may direct.

The assembling, delivery and storage of the Equipment as hereinabove provided are of the essence of this Security

Agreement, and upon application to any court of equity having jurisdiction in the premises, the Secured Party shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver and store the Equipment.

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of Notes, or of any interest therein, may bid and become the purchaser at any such sale.

(e) The Secured Party may proceed to protect and enforce this Security Agreement and said Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(f) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

### 5.03. Acceleration Clause.

In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price which as out-of-pocket expenses are required to be paid in actual cash.

### 5.04. Effect of Sale.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

### 5.05. Application of Sale Proceeds.

The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratable according to the aggregate of such principal and the accrued and unpaid interest with application on each Note to be made, first, to the unpaid principal thereof, and second, to unpaid interest thereon; and

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

#### 5.06. Discontinuance of Remedies.

In case the Secured Party shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Secured Party and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

#### 5.07. Cumulative Remedies.

No delay or omission of the Secured Party or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or the holder of any Note, of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

## SECTION 6. INTERPRETATION OF THIS AGREEMENT.

### 6.01. Terms Defined.

As used in this Security Agreement, the following terms have the following respective meanings:

(a) The term "Affiliate" shall mean a Person (1) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (2) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company or (3) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(b) The term "Casualty Value" shall mean any amount payable by the Lessee in the event any Item is lost, stolen, destroyed or damaged beyond economic repair, or upon the requisition or taking thereof.

(c) The term "Collateral" is defined in the Granting Clauses hereof.

(d) The term "Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or action has been satisfied.

(e) The term "Closing Date" is defined in Recital B hereof.

(f) The term "Equipment" or "Items or Equipment" shall mean the railroad rolling stock described in Schedule A hereto, together with any accessories, equipment, parts and appurtenances, whether now owned or hereafter acquired. "Item" or "Item of Equipment" shall mean any one of said Items of Equipment.

(g) The term "Event of Default" is defined in Section 5.01 hereof.

(h) The term "Guarantor" shall mean The Bendix Corporation, a Delaware corporation, and its successors and assigns.

(i) The term "Guaranty Agreement" shall mean the Guaranty Agreement dated May 14, 1979 entered into by the Guarantor and substantially in the form attached hereto as Exhibit 3.

(j) The term "Indebtedness Hereby Secured" shall mean the Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Loan Agreement.

(k) The term "Lease" shall mean the Railroad Car Lease Agreement dated as of April 15, 1979, between the Debtor, as lessor, and Amador Central Railroad Company, a California corporation, as lessee, substantially in the form attached hereto as Exhibit 2, and shall further mean and include, at any time after the term of such Railroad Car Lease Agreement shall have expired in accordance with its terms and not been renewed by Amador Central Railroad Company or its successors or assigns, any other lease of the Equipment entered into by the Debtor pursuant to Section 6 of the Loan Agreement.

(l) The term "Lender" shall mean State Mutual Life Assurance Company of America, as the lender under the Loan Agreement.

(m) The term "Lessor's Cost" with respect to any Item of Equipment shall mean the Acquisition Cost per Item of Equipment specified on the Supplemental Schedule or Schedules attached to the Lease.

(n) The term "Lessee" shall mean Amador Central Railroad Company, a California corporation, and its successors and assigns and any subsequent lessee under any Lease.

(o) The term "Lien" shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, security agreement, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this Agreement, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other person for security purposes.

(p) The term "Loan Agreement" shall mean the Loan Agreement dated as of April 15, 1979, as amended from time to time, between the Debtor and State Mutual Life Assurance Company of America.

(q) The terms "Loan Value" and "Original Loan Value" of an Item of Equipment are defined in paragraph (b) of Section 4.02 hereof.

(r) The terms "Noteholder" and "Holder" shall mean the registered owner of a Note.

(s) The term "Payment Date" is defined in Section 1.01 hereof.

(t) The term "Permitted Encumbrances" shall mean, with respect to any Collateral or Property, but only to the extent applicable to such Collateral or Property, (i) the right, title and interest of the Lessee under the Lease, (ii) any Liens thereof where the amount or validity of which is being contested in good faith by appropriate legal proceedings and the non-payment thereof does not adversely affect the right, title and interest of the Secured Party, (iii) the right, title and interest of the Secured Party under this Security Agreement, and (iv) inchoate, materialman's, mechanic's, workman's, repairman's, employee's or other like Liens arising in the ordinary course of business and not due or which are being contested in good faith by appropriate legal proceedings and the non-payment thereof does not adversely affect the right, title and interest of the Secured Party.

(u) The term "Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

(v) The term "Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

(w) The term "Rentals" shall mean, for any Item of Equipment, the rentals payable for such Item pursuant to the Lease (including the original and any subsequent leases with the Debtor covering said Item), and for all Items of Equipment all such rentals payable therefor.

(x) The terms "Security" or "Securities" shall have the same meaning as in Section 2(1) of the Security Act of 1933, as amended.

(aa) The term "Subsidiary" of a corporation shall mean any other corporation of which such corporation owns more than 50% of the Voting Stock.

(bb) The term "Supplemental Rentals" shall mean all amounts, liabilities and obligations which the Lessee assumes or agrees to pay under the Lease, but excluding Rent.

(cc) The term "Voting Stock" shall mean securities of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

#### 6.02. Accounting Principles.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Security Agreement, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

6.03. Directly or Indirectly.

Where any provision of this Security Agreement refers to action to be taken by any Person or which such Person is prohibited from taking, such provisions shall be applicable whether such action is taken directly or indirectly by such Person.

6.04. Governing Law.

This Security Agreement and the Notes shall be governed by and construed in accordance with Massachusetts law.

SECTION 7. MISCELLANEOUS.

7.01. Successors and Assigns.

Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

7.02. Partial Invalidity.

The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

7.03. Communications.

All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified mail, postage prepaid, addressed as follows:

If to the Debtor:	The Worcester Plan, Inc.
	2655 Campus Drive, Suite 200
	San Mateo, California 94403
	Attn: Mr. Bernard Goldman, President

If to the Secured  
Party:

State Mutual Life Assurance Company  
of America  
440 Lincoln Street  
Worcester, Massachusetts 01605  
Attn: Securities

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other parties. Communications to the holder of a Note shall be deemed to have been given (unless otherwise provided for by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified mail, postage prepaid, addressed to such holder at its address set forth in the Register.

7.04. Release.

The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Hereby Secured has been fully paid or discharged. When to the knowledge of the Secured Party the Indebtedness Hereby Secured shall have been paid in full, it shall advise the Lessee that the assignment of the Lease as security hereunder is of no further force and effect.

7.05. Counterparts.

This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

7.06. Headings and Table of Contents.

Any headings or captions preceding the text of the several sections hereof and the Table of Contents are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

7.07. Effective Date.

This Security Agreement is dated as of the date designated in the initial paragraph hereof for convenience of identification and has been executed by the Debtor on the date shown in the acknowledgement attached hereto, but is delivered by the Debtor to the Secured Party and becomes effective on the date of issuance of the Notes to the Secured Party.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed all as of the day and year first above written.

THE WORCESTER PLAN, INC.

Form Approved  
D R M  
Counsel

[CORPORATE SEAL]

By

CP Browne  
Its VICE PRESIDENT

DEBTOR

ATTEST:

David R Mullish  
Asst. Secretary

STATE OF CALIFORNIA

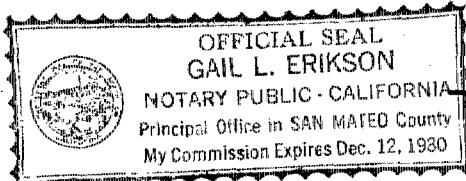
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COUNTY OF SAN MATEO

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On this 11th day of June, 1979, before me personally appeared E. P. Browne and David R. Muhlitner, to me personally known, who being by me duly sworn, say that they are, respectively, Vice President and Assistant Secretary of THE WORCESTER PLAN, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Gail L Erikson  
Notary Public

[SEAL]

My Commission Expires:  
Dec. 12, 1980

DESCRIPTION OF EQUIPMENT

DESCRIPTION: 75 70-Ton Box Cars  
MANUFACTURER: FMC Corporation  
IDENTIFICATION MARKS AND  
NUMBERS (BOTH INCLUSIVE: AMC 1001 Through AMC 1075, both  
inclusive

SCHEDULE A  
(to Security Agreement-Trust Deed)

THE WORCESTER PLAN, INC.

9-5/8% SECURED NOTE

No. R-

\$

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FOR VALUE RECEIVED, the undersigned, THE WORCESTER PLAN, INC., an Massachusetts corporation (the "Company"), promises to pay to

STATE MUTUAL LIFE ASSURANCE COMPANY OF AMERICA

or registered assigns, the principal amount of

together with interest from the date hereof until maturity on the principal balance from time to time remaining unpaid hereon at the rate of nine and five-eighths per cent (9-5/8%) per annum (computed on the basis of a 360-day year of 12 consecutive 30-day months) in installments as follows:

(i) one installment of accrued interest only payable on the 25th day of \_\_\_\_\_, 1979; and

(ii) 209 equal consecutive installments, including both principal and interest, each in the amount of \$ \_\_\_\_\_ the first such installment to be paid on the 25th day of \_\_\_\_\_, 1979 and the remaining such installments to be payable on the 25th day of each month thereafter; and

(iii) a final installment due and payable on the 25th day of the month following the payment date of the final installment referred to in clause (i) above in an amount equal to the entire balance of principal and interest remaining unpaid as of said date;

EXHIBIT 1  
(to Security Agreement)

and to pay interest at the rate of twelve per cent (12%) per annum on any overdue installment of principal and (to the extent legally enforceable) on any overdue installment of interest, from and after the maturity thereof, whether by acceleration or otherwise, until paid.

All payments of principal of and interest on this Note shall be made at the principal office of the Company in Worcester, Massachusetts in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Secured Notes (the "Notes") issued or to be issued pursuant to the Loan Agreement dated as of April 15, 1979 (the "Loan Agreement"), entered into by the Company with State Mutual Life Assurance Company of America (the "Secured Party") and is equally and ratably with said other Notes secured by that certain Security Agreement dated as of April 15, 1979 (the "Security Agreement") from the Company to the Secured Party.

This Note and the holder hereof are entitled, equally and ratably with the holders of all other Notes, to all of the benefits and security provided for by or referred to in the Loan Agreement and the Security Agreement and all supplemental Security Agreements executed pursuant to the Loan Agreement and the Security Agreement, to which instruments reference is hereby made for a statement thereof, including a description of the collateral, the nature and extent of the security and the rights of the Secured Party, the holder or holders of the Notes and the Company in respect thereof.

The terms and provisions of the Security Agreement and the rights and obligations of the Company and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Debtor duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or his attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note and any other Note outstanding under the

Security Agreement may be declared due prior to its and their expressed maturity date all in the events, on the terms and in the manner provided for in the Security Agreement. Certain prepayments are required to be made hereon on the terms and in the manner provided for in the Security Agreement.

THE WORCESTER PLAN, INC.

By \_\_\_\_\_  
Its \_\_\_\_\_

**NOTICE :**

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THE NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

MAY 10 1979

10371

REGISTRATION NO. \_\_\_\_\_ FILED 1425

RAILROAD CAR LEASE AGREEMENT

MAY 15 1979 - 2 45 PM

INTERSTATE COMMERCE COMMISSION

This Railroad Car Lease Agreement (hereinafter sometimes referred to as "this Lease" or "this Lease Agreement"), made and entered into as of this 15th day of April, 1979, between Amador Central Railroad Company, a California corporation ("Lessee"), and The Worcester Plan, Inc., a Massachusetts corporation ("Lessor").

The parties agree:

1. Definitions

(a) "Car" or "Cars" means the railroad boxcars referred to in Section 2.

(b) "Acquisition Cost" of a Car is an amount equal to the sum of the manufacturer's delivered price, the cost of any original equipment which may be added, excise tax on the Car, any sales and use taxes, and freight, storage and other expenses required to effect delivery of the Car to the Lessee (but not any interest on manufacturer's price), less purchase discounts obtained.

(c) "Rent" for any Car for any full month for which rent is due during the lease term of the Cars will be one percent (1%) of the Acquisition Cost of such Car less Ten dollars (\$10.00). "Rent" for any Car for any period of less than a month shall be a sum determined by (i) dividing the Rent due for such Car for a full month by the number of days in such partial month and (ii) multiplying the quotient by the number of days remaining in such partial month from the Average Date of Delivery or, as the case may be, the number of days elapsed from the beginning of such month to the anniversary date of the Average Date of Delivery.

(d) "Delivery Period" means any calendar month in which a Car or Cars are delivered. For purposes of this Section 1(d) and Section 1(e), the date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to the location specified in the applicable

EXHIBIT 2  
(to Security Agreement)

Supplemental Schedule provided for in Section 2.

(e) "Average Date of Delivery" for each Delivery Period means that date which is determined by (i) multiplying the number of Cars delivered by Lessor on each day during the Delivery Period by the number of days elapsed between such day and the date of delivery of the first Car during the Delivery Period, and (ii) adding all of the products so obtained and dividing that sum by the total number of Cars delivered during the Delivery Period and (iii) adding such quotient rounded out to the nearest whole number to the date of delivery of the first Car during the Delivery Period.

(f) "Service Agreement" means such agreement as may be entered into between Lessee and Lessor providing for maintenance of the Cars and for certain other services in connection with the use and operation of the Cars.

2. Scope of Agreement. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor under the terms and conditions of this Lease Agreement, seventy-five (75) XM railroad boxcars owned or to be owned by Lessor as set forth in a schedule or schedules (the "Supplementary Schedule" or "Supplementary Schedules") to be executed hereafter and made a part hereof; provided, however, that Lessee shall have the right to terminate this Lease with respect to any Car that has not been delivered to Lessee, as provided in Section 3, within one year from the date of this Lease. Lessor and Lessee agree that there shall be a separate Supplemental Schedule for the Cars delivered during each Delivery Period. Any such Supplemental Schedule shall contain the information required to be included therein under this Lease Agreement, or otherwise reasonably required by Lessor or Lessee.

3. Delivery. After the Cars have been inspected by Lessor, they will be accepted for delivery by Lessor on behalf of Lessee at the manufacturer's premises. Each Car will be deemed delivered to Lessee upon such acceptance by Lessor. Lessee's execution of a Supplementary Schedule with respect to each Car pursuant to Section 2 hereof shall conclusively establish that, as between Lessor and Lessee, but without limiting or otherwise affecting Lessee's or Lessor's rights, if any, against the Manufacturer thereof, such Car is acceptable to and accepted by Lessee under this Lease, notwithstanding

any defect with respect to design, manufacture, condition, or in any other respect, and that such Car is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Cars as of the date of this Lease. The execution and delivery of such Supplementary Schedule shall constitute Lessee's representation that it has no knowledge of any such defect. Lessor shall not be responsible for or liable to Lessee for failure to deliver or delays in delivering Cars to Lessee due to acts of God, legislation or regulation of any governmental body, court decrees, acts of the public enemy, riots, strikes, labor disputes, labor or material shortages, fires, explosions, floods, earthquakes, breakdown of or damage to plants, equipment or facilities.

4. Duty to Number and Mark Equipment; Filing.

4.1. Lessee will cause each Car to be kept numbered with its road number as set forth in the Supplementary Schedules delivered pursuant hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Car in letters not less than one inch in height as follows:

"Leased from The Worcester Plan, Inc.  
as Owner, and Subject to a Security  
Interest recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such Car, its rights under this Lease and the rights of any assignee of Lessor thereunder. Lessee will not place any such Car in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee will not change the road number of any Car except with the consent of Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been

delivered to Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the Car as a designation that might be interpreted as a claim of ownership; provided, however, that Lessee may cause the Car to be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of Lessee to use the Car under the Lease.

4.2. Prior to the delivery and acceptance of the first Car hereunder, Lessee will cooperate with Lessor in causing this Lease and any financing agreements entered into by Lessor in connection herewith to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 USC 11303 and in such other places within or without the United States as the Lessor or any assignee thereof pursuant hereto may reasonably request. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments by law or reasonably requested by Lessor or any assignee thereof pursuant hereto, for the purpose of protecting Lessor's title to, or such assignee's security interest in, any Car to the satisfaction of the Lessor's or such assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to Lessor and such assignee proof of such filings and an opinion of Lessee's counsel reasonably satisfactory to Lessor and such assignee that such action has been properly taken. Lessee will pay all costs, charges and expenses incident to changes in the plates or stencils described in Section 4.1 or to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action, except costs, charges and expenses arising as a result of an assignment of this Lease Agreement from Lessor's immediate assignee to any subsequent

assignee.

5. Term. This Lease Agreement shall be effective as to any Car on the date of delivery to Lessee of such Car and, unless otherwise provided herein, shall remain in full force and effect until terminated in respect of each Car. The lease term with respect to the Cars shall commence on the Average Delivery Date of the Cars as shown on the Supplemental Schedule or Schedules and shall be for ten (10) years.

6. Payments. Rental payments for each month for which rent is due shall be made on the 25th day of the current month, except that the first full month's payment for the lease term shall include any rental for any prior period of less than one month. Lessee agrees to pay interest at the rate of 9-7/8% per annum on the amount of rent or other sums owing under this Lease Agreement after such amounts are due and payable.

Each installment of rental, payments of interest on late payments thereof and all payments for casualty losses pursuant to Section 12 hereof shall be paid to Lessor in accordance with the reasonable written instructions of the Lessor; provided that in the event Lessor shall notify Lessee in writing that the right to receive payment thereof or shall have been assigned in accordance with Section 18.2 hereof, the Lessee shall make such payment to the place designated in such notice or as otherwise designated from time to time in writing by such assignee. The amount of any payment owing to the Lessor pursuant to Sections 11 (with respect to public liability insurance) 13 and 23 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 18.2 hereof. All payments other than those above specified shall be made by Lessee directly to the party to receive the same unless any such payment has previously been made by Lessor or its assignee, in which case Lessee shall reimburse Lessor or its assignee, as the case may be, directly for such payment.

7. Possession and Use. So long as Lessee shall not be in default under this Lease Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Cars in accordance with the terms of this Lease Agreement in the same manner as similar railroad boxcars are customarily used in the railroad freight business. Lessee agrees that the Cars shall at all times be used (i) in compliance with all insurance policy conditions and codes, rules, interpretations, laws or orders governing acquiring, titling, registering, leasing,

insuring, and disposing of the Cars and hire, use, condition repair and all other matters pertaining to the movement and interchange of freight traffic applicable to the Cars, adopted and in effect from time to time by the Association of American Railroads ("AAR") and any other organization, association or local, state or federal agency or governmental authority, including the Interstate Commerce Commission and the United States Department of Transportation, which may be responsible for or have authority over the foregoing; (ii) in compliance with the terms of this Lease Agreement; and (iii) in a careful and prudent manner solely in the use, service and manner for which they were designed. Lessee shall not, without the prior written consent of Lessor, voluntarily, directly or indirectly, create, incur or assume any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interest therein or in this Lease Agreement, and shall promptly discharge any such mortgage, pledge, lien, charge, encumbrance, or other security interest or claim.

8. Title. Lessee shall not by reason of this Lease Agreement acquire or have any right or title in the Cars except the rights expressly granted to it hereunder.

9. Costs and Improvements. As between Lessor and Lessee, Lessee shall be liable for and shall pay all costs, expenses, fees, taxes and charges incurred in connection with the use and operation of the Cars, including repair and maintenance costs. The Lessee shall cause the Cars to be maintained in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange, and will cause to be made any additions or improvements to the Cars in order to comply with the provisions of Section 7 hereof. All improvements and additions to the Cars shall become and remain the property of Lessor.

10. Substitution of Cars. Lessor may terminate this Lease Agreement in respect of any Car it deems to be unsuitable or uneconomical for repair and maintenance work for which Lessor is responsible under the Service Agreement ("Uneconomical Car"). Upon such termination Lessor may replace any such Car, or Lessor may replace any Car for which payment has been received pursuant to Section 12 ("Casualty Car"), with a substantially similar car. In addition, at Lessee's request, Lessor shall replace any "Uneconomical Car" in respect of which this Lease Agreement is terminated, or any "Casualty Car", with a car of similar cost, age, and configuration, but only if Lessor has such a

car in inventory and unallocated to any other person. (Any car which replaces a "Casualty Car" or an "Uneconomical Car" pursuant to the foregoing provisions is hereinafter referred to as a "Replacement Car"). For purposes of this Section 10 "cost" shall include financing as well as acquisition costs. Any such Replacement Car shall conform to the requirements of this Lease. Without limiting the foregoing, the Lessor and the Lessee shall at the time the Replacement Car is delivered hereunder provide to each other and any assignee of the Lessor pursuant to Section 18.2 hereof in such number of counterparts as may reasonably be requested the following documents:

(i) Lessor shall provide an invoice marked "paid" by the seller of the Replacement Car and a bill of sale from the manufacturer thereof to the Lessor for the Replacement Car warranting to the Lessor good title free and clear of all liens and encumbrances not permitted under this Lease Agreement;

(ii) Lessor shall provide an opinion of its counsel to the effect that such Replacement Car is free from all claims, liens, security interests and other encumbrances not permitted by this Lease;

(iii) Lessee shall provide a Certificate executed by Lessee stating that such Replacement Car has been delivered, tested and inspected by Lessee, found to be in good order by Lessee and accepted for purposes of this Lease (and indicating the date of such acceptance); and

(iv) Lessor shall provide an opinion of counsel to the effect that (1) a proper supplement or amendment to this Lease in respect to the Replacement Car has been fully authorized, executed and delivered by the parties thereto and is legal, valid and binding on the Lessor and (2) no consent, approval, or authorization of any governmental authority is required on the part of the Lessor in connection with the execution and delivery of such supplement and amendment, and (3) such supplement or amendment has been filed pursuant to Section 4.2 hereof and that such Replacement Car has been marked and numbered pursuant to Section 4.1 hereof.

11. Insurance. Lessee will, at its own expense, with respect to the Cars, maintain insurance in the amount of \$25,000,000 as a result of one accident insuring the respective interests of Lessor and Lessee and covering liability for personal injury, death and property damage resulting from the operation, ownership, use and possession of the Cars and covering any contractual commitments of Lessee to Lessor or its assignee under this Lease Agreement. Lessor will, at its own expense, with respect to the Cars, maintain primary physical damage insurance, including loss of income coverage, in amounts and against risks customarily insured against by other railroad companies on similar equipment which policy shall provide that the proceeds, if any, shall be payable to any assignee of Lessor pursuant to Section 18.2 hereof under a standard mortgage loss payable clause satisfactory to Lessee, Lessor and such assignee; provided, however, that should the premium for such coverage in any one year increase by more than 10% of the prior year's premium Lessee shall reimburse Lessor for any amounts paid in excess of such 10% increase. All policies will provide for at least ten (10) days' written notice to each party, including said assignee, of any cancellation or material alteration of such policies, and each party shall furnish the other party and any such assignee certificates or other evidence of compliance with the provisions hereof, but neither party shall be under a duty to examine such certificates or to advise the other in the event the insurance is not in compliance herewith. Lessor's and Lessee's obligations to maintain insurance shall commence on the actual date of delivery of the Cars to Lessor and shall continue, except as otherwise provided in this Section, until the lease of the Cars terminates. All proceeds of insurance received by any party other than the Lessee with respect to any Cars not determined to be casualty losses under Section 12 hereof shall be paid thereby to the Lessee upon reasonable proof that any damage to any Car with respect to which such proceeds were paid has been fully repaired. Any such proceeds of insurance received by the Lessor with respect to Cars which are determined to be casualty losses pursuant to Section 12 hereof shall be credited thereby toward the payment required by Section 12 with respect to such casualty loss.

12. Casualty Losses. Lessee assumes all risk of loss and damage to the Cars. In the event any Car is lost, stolen, destroyed or damaged beyond economic repair, or shall be requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a stated period which exceeds the then remaining term hereof Lessee shall, within five (5) days of its knowledge thereof, by written notice, fully

advise Lessor and any assignee thereof pursuant to Section 18.2 hereof of such occurrence. Lessee shall, within forty-five (45) days of the giving of such notice, promptly pay to Lessor a sum which is the higher of (i) the amortized value of such Car (as shown on the "Amortization Schedule" to be made a part hereof) on the date it is lost, stolen, destroyed or damaged beyond economic repair and (ii) the same amount as is prescribed in applicable rules or regulations of the AAR or any other governing association, agency or governmental authority for the loss of such Car; provided, however, that if Lessor shall have received from a handling railroad or other party payment in the same amount as is prescribed for the loss of the Car pursuant to such rules or regulations, prior to any payment required to be made above, and such payment is less than the amortized value of the Cars, the amount owed by Lessee to Lessor hereunder will be the difference, if any, between such payment and the amortized value of the Car. This Lease Agreement shall terminate only with respect to such Car on the date Lessor shall receive payment pursuant to this Section 12, and thereafter Lessee shall have no further liability to Lessor under this Lease Agreement with respect thereto excepting accrued rent and liabilities arising or existing under Sections 7 or 13 hereunder. After receipt of payment for any Car requisitioned or taken by governmental authority, as provided in this Section 12, Lessor shall assign to Lessee all its right, title and interest in and to such Car, including the right to receive payments therefor, if any, by such governmental authority.

### 13. Indemnity.

13.1. Lessee agrees to indemnify and hold harmless Lessor and any assignee thereof pursuant to Section 18.2 hereof against any and all claims, demands, losses, damages, including without limitation damage to the Cars or damage to property, and liabilities of whatsoever nature, including without limit those arising from strict liability in tort, and all costs and expenses, including legal expenses and reasonable counsel fees, relating to or in any way arising out of:

(a) the ordering, delivery, acquisition, title on acquisition, rejection, installation, condition, including latent and other defects whether or not discoverable, possession, titling, use, non-use, misuse, operation, transportation, repair, control or disposition of the Cars under this Lease Agreement,

except to the extent that such costs are included in the Acquisition cost of such Cars as provided in the Supplemental Schedule or Schedules and except for any general administrative or overhead expenses of Lessor;

(b) all federal, state, county, municipal, foreign, or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, sales, use, gross receipts, ad valorem, business, property (real or personal), excise, motor vehicle, and occupation fees and taxes, and penalties and interest thereon, whether assessed, levied against or payable by Lessor and/or any assignee thereof pursuant to Section 18.2 hereof or otherwise, with respect to the Cars, or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of the Cars, under this Lease Agreement, or measured in any way by the value thereof or by the business of, investment in, or ownership by Lessor with respect thereto, excepting only net income taxes on the net income of the Lessor determined substantially in the same manner as net income is presently determined under the Federal Internal Revenue Code; and

(c) any violation, or alleged violation, by Lessee of this Lease Agreement or of any contracts or agreements to which Lessee is a party or by which it is bound, or any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other requirements having the force of law applicable at any time to the Cars under this Lease Agreement or any action or transaction by Lessee with respect thereto or pursuant to this Lease Agreement.

13.2. Lessee shall forthwith upon demand reimburse Lessor and/or any assignee thereof pursuant to Section 18.2 hereof for any sum or sums expended with respect to any of the foregoing, or shall pay such amounts directly upon request from Lessor or such assignee. Lessee shall be subrogated to Lessor's right in the affected transaction to the extent of any payments made by Lessee pursuant to this Section

11.2 and shall have a right to contest any adverse determination in any affected transaction in good faith and by appropriate legal proceedings at its sale expense. All Lessor's rights and privileges arising during the term of this Lease Agreement, arising under this Section 13, shall survive the expiration or earlier termination of this Lease Agreement.

14. Return of Cars. Upon the expiration or termination of this Lease Agreement with respect to any Car (other than pursuant to Section 15 hereof), Lessee shall at its sole cost and expense forthwith surrender possession of such Car to Lessor by delivering same to Lessor at Roseville, California. Each Car so surrendered shall be in the same or as good condition, order and repair as when delivered to Lessee, wear and tear from ordinary use and the passage of time excepted, shall be in need of no repairs for which Lessee is liable, and shall be free from all accumulations or deposits from commodities transported in or on the Cars while in the service of Lessee. Lessee shall reimburse Lessor for any costs it incurs in connection with the deletion of Lessor's markings from such Cars. Until the delivery of possession to Lessor pursuant to this Section 14, Lessee shall continue to be liable for and shall pay rental at the rate being paid immediately prior to termination or expiration, and Lessee shall in addition make all other payments and keep all obligations and undertakings required of Lessee under any and all provisions of this Lease Agreement as though such termination or expiration had not occurred. Nothing in this Section 14 shall give Lessee the right to retain possession of any Car after expiration or termination of this Lease Agreement with respect to such Car.

15. Events of Default. The following events of default by the Lessee shall give rise to the rights on the part of the Lessor described in Section 16:

(a) Default in the payment of rent hereunder or the payment of any casualty loss pursuant to Section 12 hereof beyond ten (10) days from the date the same is due; or

(b) Default in the payment or performance of any liability, obligation, or covenant of the Lessee or any parent or affiliated corporation of the Lessee to the Lessor under this Lease Agreement and the continuance of such default for thirty (30) days after

written notice to the Lessee sent by registered or certified mail by the Lessor; or

(c) The Lessee shall make or knowingly permit any unauthorized assignment or transfer of this Lease, or of possession of the Cars, or any portion thereof; or

(d) Any representation or warranty made (i) by Lessee herein or in any statement or certificate furnished to Lessor or any assignee thereof, to or in connection with this Lease, is untrue in any material respect as of the date of issuance or making thereof, or (ii) by the Guarantor in or pursuant to or in connection with any agreement executed by Guarantor to guarantee payment and performance by the Lessee of its obligations and liabilities under this Lease or in any statement or certificate furnished to Lessor or any assignee thereof, pursuant to or in connection with this Lease or such guaranty agreement, proves untrue in any material respect as of the date of issuance or making thereof; or

(e) The termination of existence or business failure of, or an act of bankruptcy by, or the making of an assignment for the benefit of creditors by, the Lessee or by The Bendix Corporation (the "Guarantor"); or

(f) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against the Lessee or Guarantor and, if instituted against the Lessee or Guarantor, the consent of the Lessee or the Guarantor, as the case may be, thereto or the pendency of such proceedings for thirty (30) days.

16. Rights of Lessor upon Default of Lessee. Upon the occurrence of any of the events of default described in Section 15 the Lessor may in its discretion do one or more of the following:

(a) Proceed by appropriate court action, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease Agreement or to recover damages for the breach thereof; or

(b) Upon five (5) days written notice, terminate this Lease Agreement, whereupon all rights of Lessee to the use of the Cars shall absolutely cease and terminate but Lessee shall remain liable as hereinafter provided, and thereupon Lessor may at its option cause the Lessee to do each or all of the following: (i) at Lessee's risk and expense promptly to surrender possession of the Cars to Lessor at Roseville, California, or (ii) at Lessee's risk and expense to place the Cars in such storage place on Lessee's lines of railroad as Lessor may reasonably designate (or if no such lines are available, upon other railroad lines as may be made available to the Lessee at its expense) and permit Lessor to store the Cars at such storage site without charge to Lessor until the Cars are sold, leased or otherwise disposed of; or (iii) enter upon the premises where the Cars are located and take immediate possession of and remove them by summary proceedings or otherwise. Lessee shall, without further demand, forthwith pay to Lessor as liquidated damages and not as a penalty, a sum equal to the aggregate of the following: (a) all unpaid rentals or other sums due and payable up to the date of storage, redelivery or repossession of the Cars; (b) any expenses paid or incurred by Lessor in connection with the repossession, holding, repair and subsequent sale or lease of the Cars, including reasonable counsel's fees and legal expenses; (c) all unpaid rent to the end of the lease term for Cars which Lessee fails to return to Lessor as provided above or converts or destroys, or which Lessor is unable to repossess; and (d) all unpaid rent for the Cars redelivered or repossessed from the date of their redelivery or repossession to the end of the lease term ("unexpired rent"). Following the redelivery or repossession of the Cars, Lessor shall sell the Cars at public or private sale, for cash or credit, without demand or notice to Lessee, or re-lease them, in such manner as it shall deem appropriate, such sale or re-lease to be at a reasonable price or rental rate under the circumstances. If the proceeds of sale exceed the amortized value of the Cars at the end of the full lease term, or if the proceeds of any re-lease of the Cars for a period substantially similar to the unexpired rental period of the Cars exceed the unexpired rent, any such excess shall be

credited to the unexpired rent paid by or due from the Lessee and Lessor shall be entitled to retain the difference between any such excess and the unexpired rent.

The assembling, delivery, storage and transporting of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Cars.

The Lessee also agrees to furnish to the Lessor and any assignee pursuant to Section 18.2 hereof, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an event of default under this Section 15 or which, after notice or lapse of time, or both, would constitute such an event of default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 16 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

No remedy referred to in this Section 16 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity. No express or implied waiver by Lessor of any default or event of default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent default or event of default. The failure or delay of Lessor in exercising any rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by Lessor shall not exhaust the same or constitute a waiver of any other right provided herein.

17. Investment Tax Credit. As permitted under Section 48(d) of the Federal Internal Revenue Code, Lessor shall elect to treat Lessee as having acquired the Cars which are leased hereunder, if it qualifies for such election, for purposes of

the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Cars leased hereunder and which qualify for such election. Lessee shall provide Lessor with a summary statement as to all Cars for Internal Revenue Service reporting purposes.

18. Sublease and Assignment.

18.1. The right to assign this Lease Agreement by either party and the Lessee's right to sublease shall exist only as follows:

(a) Lessee shall have no right to assign or sublease or loan any of the Cars without the prior written consent of Lessor; provided, however, that Lessee shall have the right to sublease any of the Cars for single trips within the continental limits of the United States to its customers or suppliers where the sole purpose of such sublease is to obtain exemption from demurrage on the subleased Cars. Any such sublease shall be upon terms which are in compliance with all applicable rules, tariffs, regulations and laws and all terms and conditions of this Lease Agreement; and

(b) all rights of Lessor under this Lease Agreement may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part without notice to or consent of Lessee.

18.2. Lessee acknowledges notice that Lessor proposes to finance its acquisition and ownership of the Cars by borrowing and in that connection will, as security, grant to an assignee a security interest in the Cars, it being understood, however, that such security interest shall be and remain subject and subordinate to the rights of the Lessee hereunder and any security agreement shall confirm such priority. Lessee also acknowledges notice of the intended assignment by Lessor to an assignee of the rents and all other sums due and to become due under this Lease Agreement, all as security for obligations of the Lessor to the assignee. Lessee shall receive notice of the grant of such security interest and of the assignment of such rents and other sums. After such assignment the terms and provisions of this Agreement may not be altered, modified or waived without the

written consent of such assignee. After such assignment and written notice thereof to the Lessee, the Lessee shall make payment of all rents and other payments due hereunder directly to the assignee, and such payments shall discharge the obligations of Lessee to Lessor hereunder to the extent of such payments. The assignment by the Lessor to the assignee of rights hereunder shall not transfer to the assignee the general title to the Cars or impose on the assignee any of the duties or obligations of the Lessor hereunder, but in all other respects the assignee shall have all the rights of the Lessor hereunder to the extent necessary to realize upon rents and other monies payable by the Lessee and to protect the assignee's security interest in the Cars resulting from the chattel mortgage. Without limiting the foregoing, Lessee further acknowledges and agrees that the rights of any such assignee in and to the rents and other sums payable by Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Cars or any part thereof, or any damage to or loss or destruction of the Cars or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of Lessor to Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment.

19. Warranty. Lessor agrees to assign to Lessee such rights as it may have under warranties, if any, which it may have received from the manufacturer of any Cars or parts therefor and shall at Lessee's expense cooperate with Lessee and take such action as may be reasonably requested to enable Lessee to enforce such rights.

LESSOR MAKES NO WARRANTY OR REPRESENTATION OF ANY KIND, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING SPECIFICALLY BUT NOT EXCLUSIVELY, MERCHANTABILITY,

FITNESS FOR A PARTICULAR PURPOSE, OR THE DESIGN, WORKMANSHIP, CONDITION OR QUALITY OF THE CARS OR COMPONENTS THEREOF WHICH CARS HAVE BEEN DELIVERED TO LESSEE HEREUNDER; AND LESSOR SHALL HAVE NO LIABILITY HEREUNDER FOR DAMAGES OF ANY KIND, INCLUDING SPECIFICALLY BUT NOT EXCLUSIVELY, SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ON ACCOUNT OF ANY MATTER WHICH MIGHT OTHERWISE CONSTITUTE A BREACH OF WARRANTY OR REPRESENTATION. Provided, however, that nothing contained in this Section 19 shall relieve Lessor from any liabilities it might have arising out of its obligations set forth in the Service Agreement.

20. Miscellaneous. This Lease Agreement and all rights hereunder shall be governed by the laws of the State of California. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver of any one occasion shall not be construed as a waiver on any future occasion. No executory agreement shall be effective to change, modify or discharge, in whole or in part, this Lease Agreement or any other instrument given in connection herewith unless such agreement is in writing and signed by the party to be charged therewith. All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, are not exclusive but shall be cumulative and may be exercised singly or cumulatively. The Lessee hereby waives, to the extent permitted by law, any mandatory requirements of law which might limit or modify any of the remedies herein provided.

21. Severability. If any term or provision of this Lease Agreement or the application thereof to any persons or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease Agreement or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease Agreement shall be valid and be enforced to the fullest extent permitted by law.

22. Entire Agreement. Except as to the Service Agreement, this Lease Agreement set forth the entire agreement between the parties hereto and merges all discussions between them, and annuls and replaces any and every agreement, whether oral or written, which may have existed between them to the

extent that any such agreement relates or related to the subject matter hereof.

23. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or its assignee pursuant to Section 18.2 hereof may, but shall not be obligated to, make advances to perform the same and take such other action as may be necessary to obtain such performance. Any payment so made by any such party and all costs and expenses incurred thereby (including reasonable attorneys' fees and expenses) shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder with interest thereon for the period expended and unpaid at the rate of 9-7/8% per annum.

24. Execution in Counterparts. This Lease Agreement and any schedule and/or supplement hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

25. Notices. All notices hereunder will be in writing or where appropriate by telex and will be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the other party at the address set forth below or, in the case of telex, transmitted and acknowledged.

Amador Central Railroad Company: Amador Central Railroad Company  
c/o Bendix Forest Products  
Corporation  
2740 Hyde Street  
San Francisco, California 94109  
ATTN: Manager, Physical Distribution  
and Transportation  
with copies to be provided  
to the Bendix Corporation

The Bendix Corporation:

The Bendix Corporation  
Executive Offices  
Bendix Center  
Civic Center Drive  
Southfield, Michigan 48706  
ATTN: Treasury Dept.

The Worcester Plan, Inc.:

The Worcester Plan, Inc.  
2655 Campus Drive, Suite 200  
San Mateo, California 94403  
ATTN: Mr. Bernard Goldman,  
President

IN WITNESS WHEREOF, the undersigned have executed  
these presents as of the date first hereinabove written.

THE WORCESTER PLAN, INC.

By AP Brown  
Its Vice President

ATTEST:

[Signature]  
Assistant Secretary

Form Approved  
Counsel

AMADOR CENTRAL RAILROAD COMPANY

By [Signature]  
Its Vice President

ATTEST:

[Signature]  
~~Assistant Secretary~~  
SECRETARY-TREASURER

STATE OF CALIFORNIA

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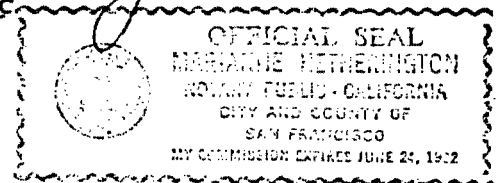
CITY AND COUNTY OF SAN FRANCISCO

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On this 11 day of May, 1979, before me personally appeared John T. Gussel, to me personally known, who, being by me duly sworn, says that he is Vice President of Amador Central Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Therese Hetherington  
Notary Public

My Commission Expires:



2740 HYDE ST., SAN FRANCISCO, CA. 94109

STATE OF CALIFORNIA

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CITY AND COUNTY OF SAN FRANCISCO

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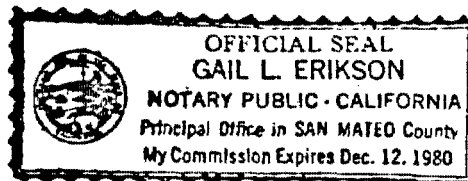
On this 14th day of May, 1979, before me personally appeared Edmund P. Browne, to me personally known, who, being by me duly sworn, says that he is a Vice President of The Worchester Plan, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gail L. Erikson

Notary Public

My Commission Expires:

Dec. 12, 1980



# SUPPLEMENTAL SCHEDULE NO. 1

The undersigned Lessor and Lessee hereby acknowledge and agree that the Cars described in this Supplemental Schedule have been delivered to and are now in the possession of and have been unconditionally accepted by the Lessee under and pursuant to and subject to all the terms and conditions of the Railroad Car Lease Agreement and that the information below is correct and accurate.

<u>QUANTITY</u>	<u>PLACE OF DELIVERY</u>	<u>DELIVERY DATE</u>	<u>AVERAGE DELIVERY DATE</u>	<u>LESSEE'S ROAD NUMBERS (BOTH INCLUSIVE)</u>	<u>UNIT ACQUISITION COST</u>	<u>TOTAL ACQUISITION COST</u>
	F.O.B. Manufacturer's Premises					

THE WORCESTER PLAN, INC., Lessor

AMADOR CENTRAL RAILROAD COMPANY,  
Lessee

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

# AMADOR CENTRAL RAILROAD COMPANY

Amortized values for Cars having an acquisition cost of \$1,000.

<u>MONTH</u>	<u>AMORTIZED VALUE (after payment of rent for such month)</u>	<u>MONTH</u>	<u>AMORTIZED VALUE (after payment of rent for such month)</u>
1	\$998.21	41	\$912.94
2	996.40	42	910.43
3	994.57	43	907.90
4	992.73	44	905.35
5	990.88	45	902.78
6	989.01	46	900.18
7	987.13	47	897.57
8	985.23	48	894.94
9	983.31	49	892.28
10	981.38	50	889.60
11	979.44	51	886.90
12	977.48	52	884.17
13	975.50	53	881.43
14	973.50	54	878.66
15	971.49	55	875.87
16	969.46	56	873.06
17	967.42	57	870.21
18	965.36	58	867.35
19	963.27	59	864.47
20	961.18	60	861.56
21	959.07	61	858.63
22	956.94	62	855.68
23	954.79	63	852.69
24	952.63	64	849.69
25	950.44	65	846.66
26	948.24	66	843.61
27	946.02	67	840.53
28	943.78	68	837.42
29	941.53	69	834.29
30	939.25	70	831.14
31	936.96	71	827.96
32	934.65	72	824.75
33	932.32	73	821.51
34	929.97	74	818.25
35	927.60	75	814.96
36	925.20	76	811.65
37	922.79	77	808.31
38	920.36	78	804.94
39	917.91	79	801.53
40	915.44	80	798.11

AMORTIZED VALUE  
(after payment  
of rent for  
such month)

<u>MONTH</u>	
81	\$794.66
82	791.18
83	787.67
84	784.12
85	780.55
86	776.95
87	773.32
88	769.66
89	765.97
90	762.24
91	758.49
92	754.71
93	750.90
94	747.06
95	743.18
96	739.28
97	735.34
98	731.37
99	727.37
100	723.33
101	719.26
102	715.16
103	711.03
104	706.86
105	702.66
106	698.41
107	694.14
108	689.83
109	685.49
110	681.11
111	676.68
112	672.23
113	667.74
114	663.21
115	658.65
116	654.05
117	649.40
118	644.72
119	640.01
120	635.26

## GUARANTY

THIS GUARANTY, made and entered into this 14th day of May, 1979, by THE BENDIX CORPORATION (hereinafter called Guarantor) with its principal place of business at 20650 Civic Center Drive, Southfield, Michigan 48076.

## WITNESSETH:

WHEREAS, Amador Central Railroad Company, (herein called "Lessee") a wholly-owned subsidiary of Bendix Forest Products Corporation, which is a wholly-owned subsidiary of The Bendix Corporation intends to enter into a Railroad Car Lease Agreement dated April 15, 1979 with The Worcester Plan Company (herein "Worcester") together with Schedules thereto and a Service Agreement dated April 15, 1979 (herein together with the Railroad Car Lease Agreement collectively called the "Lease") which is incorporated in and made a part hereof, and which will provide for the lease by Lessee from Worcester of seventy-five (75) fifty foot six inch "XM" box cars; and

WHEREAS, Worcester as a condition precedent to its entering into the Lease requires that Guarantor unconditionally guarantee the payment by Lessee of all rentals, and other sums to become due under the Lease and the performance by Lessee of all its obligations thereunder, to the extent and in the manner and form as herein provided, and Guarantor is willing so to do.

NOW, THEREFORE, in consideration of the premises and for the purpose of determining the terms and conditions of the obligations of Guarantor and of inducing Worcester to enter into the Lease, Guarantor does hereby covenant, for the benefit to Worcester and any assignee of Worcester's interest in and to the Lease, as follows:

SECTION 1. Guarantor does hereby agree to and does hereby unconditionally guarantee unto Worcester and any assignee of Worcester's interest in and to the Lease:

(a) the prompt and punctual payment of all rental and other sums provided for under the Lease, when and as the same become due and payable, whether by installment or by extension or by declaration as in the Lease provided, or otherwise, and

(b) the due and punctual performance of all undertakings and obligations of Lessee under the Lease, and

(c) all costs, expenses, reasonable attorneys' fees and damages incurred in enforcing the covenants and agreements of Lessee or any sublessee under the Lease, or incurred in enforcing this Guaranty, or incurred in consequence of any default or breach under the Lease or this Guaranty, as a court of competent jurisdiction may award.

(d) provided, however, the liability of the Guarantor hereunder shall not exceed Twenty-Five Million Dollars (\$25,000,000.00).

SECTION 2. Guarantor hereby acknowledges full and complete notice and knowledge of all the terms, covenants and conditions of the Lease and hereby consents to any assignment or sublease and successive assignments or subleases by Lessee or Lessee's assignees or sublessees, or a substitution of, or different use of any extension of the term of the Lease and agrees that any failure to give notice or exercise or enforce the rights of Worcester or its assignees under the Lease, shall in no wise or manner release Guarantor hereunder nor constitute a defense to any such liability.

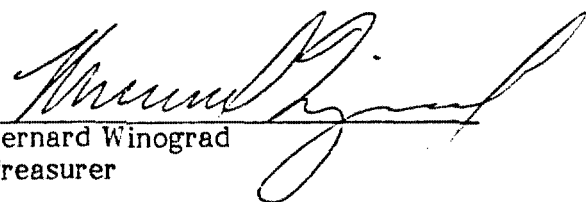
SECTION 3. The guarantee herein expressed may be transferred and assigned at any time or from time to time and shall be considered to be transferred and assigned thirty (30) days after receipt of Worcester's written notice to Guarantor or to Lessee of such assignment. Guarantor hereby agrees to execute and deliver such instruments and to do such acts and things requested by Worcester as shall be necessary or advisable to carry out and effectuate the purposes and intents of this Guaranty.

SECTION 4. All of the covenants, stipulations, promises and agreements in this Guarantee contained by or on behalf of Guarantor shall bind its successors and assigns whether so expressed or not and shall inure to the benefit of Worcester and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has caused this Agreement to be executed in its name by its Treasurer and impressed with its corporate seal attested by its Secretary or an Assistant Secretary, all as of the day and year first above written.

THE BENDIX CORPORATION

By

  
Bernard Winograd  
Treasurer

ATTEST:

  
R. E. Lee  
Assistant Secretary

**Interstate Commerce Commission**  
Washington, D.C. 20423

5/12/79

**OFFICE OF THE SECRETARY**

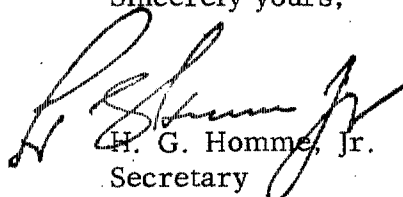
Gary Green, Esq.  
Chapman & Cutler  
111 West Monroe St.  
Chicago, Illinois 60603

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C.

11303, on 5/12/79 at 11:00am, and assigned recordation number(s). 10495

Sincerely yours,

  
H. G. Homme, Jr.  
Secretary

Enclosure(s)

SE-30  
(3/79)